



McGregor W. Scott
United States Attorney
Eastern District of California

Sacramento
501 I. Street, Ste 10-100
Sacramento CA 95814
(916) 554-2700

NEWS RELEASE

Fresno
1130 O. Street, Rm 3654
Fresno, CA 93721
(559) 498-7272

FOR IMMEDIATE RELEASE
November 18, 2005

Contact: Patty Pontello, 916-554-2706
<http://www.usdoj.gov/usao/cae>

**FORMER FRESNO BUSINESS MAN INDICTED IN \$2.8 MILLION
INVESTMENT FRAUD AND TAX EVASION SCHEME**

**Indictment also alleges that the defendant obstructed
investigation by lying to federal agents**

SACRAMENTO--United States Attorney McGregor W. Scott, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation, Oakland Field Office Roger L. Wirth, and Special Agent-in-Charge, Federal Bureau of Investigation, Sacramento Field Office Drew S. Parenti announced today that a federal grand jury sitting in Fresno indicted JEFFREY LAWRENCE MALICOAT late yesterday in an eight-count indictment charging him with tax evasion, wire fraud and making false statements to federal agents.

This case is the product of an extensive investigation jointly conducted by the Internal Revenue Service-Criminal Investigation and the Federal Bureau of Investigation.

According to the indictment MALICOAT, 50, formerly of Fresno, California, allegedly operated a fraudulent investment scheme in which he convinced investors that he operated a "High Yield Private Placement Investment Program." Under that program, for a fee, MALICOAT purported to match investors with individuals involved with banks that made foreign investments with high returns. The indictment also alleges that in 1999, MALICOAT formed JEMA Holdings, Inc. a Nevada corporation, and opened a bank account in that name at Norwest Bank. As part of his investment scheme, MALICOAT convinced one investor to make several wire transfers into JEMA's bank account totaling \$2.5 million for investment purposes. However, MALICOAT used the money for personal expenditures, including luxury items such as jewelry, a Rolex watch, luxury automobiles, and a \$320,000 residence and pool. MALICOAT then failed to report the money he took from the investor as income by not filing a federal tax return for 1999.

According to Assistant United States Attorney Marlon Cobar, who is prosecuting this case, the indictment reflects that during the course of the investigation the IRS and FBI also uncovered a pattern of MALICOAT's investment fraud schemes which he variously marketed with different names such as the "High Yield Private Placement Investment Program," "High Yield Investment Roll Over Program," or "Trading Bank Debenture." As one example,

MALICOAT represented to potential investors that a \$1,000,000 investment in one of JEMA's investment programs would yield a return of over \$1,000,000 in less than eight weeks. However, all of MALICOAT's "programs" shared the common themes of defrauding his investors by not returning their money as promised and making "lulling" payments to investors in order to provide them with a false sense of security.

One such investor who received "lulling" payments was Dennis Beguelin. Beguelin earned \$200,000 through JEMA, but failed to pay income taxes on those earnings, and obstructed a federal grand jury investigation into MALICOAT and JEMA. Beguelin was convicted in April 2005 in federal court of filing a false tax return. He is currently serving an 18-month sentence in the custody of the Federal Bureau of Prisons.

The indictment also charges that during the course of an interview with federal agents, MALICOAT made a number of materially-false statements designed to obstruct the investigation into his and JEMA's financial activities.

Said IRS Special Agent-in-Charge, Roger L. Wirth, "My sympathies go to the victims of this alleged scheme. The IRS will always dedicate resources to these types of white-collar criminal investigations. Jeff Malicoat is accused not just of breaching the trust of his victims in a most egregious way, but of violating federal law to enrich himself at the expense of the people who trusted him, and then trying to lie to investigators about it. This investigation illustrates the continued commitment of the IRS to work with the FBI and the U.S. Attorney's Office to pursue complex and sophisticated fraud schemes."

MALICOAT is scheduled for arraignment in federal court in Fresno on December 2, 2005.

The charges contained in the indictment are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

###